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March 21, 1997

Via Hand Delivery

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

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MAR 21 1997
Federal Communications Commission
Office of the Secretary

Re: Amendment of the Commission's Rules to Establish Part 27,
the Wireless Communications Service
GN Docket No. 96-228

Dear Mr. Caton:

CAI Wireless Systems, Inc., and its wholly-owned subsidiary Atlantic Microsystems, Inc. (collectively, "CAI"), file this letter in support of the Petition for Expedited Reconsideration ("Petition") filed by the Wireless Cable Association International, Inc. ("WCA") on March 10, 1997, in the above-referenced proceeding.¹

CAI, a publicly-traded company, is one of the nation's largest and most active wireless cable operators.² CAI currently operates analog systems in New York City, Rochester and Albany, New York; Philadelphia, Pennsylvania; Washington, D.C. and Norfolk/Virginia Beach, Virginia. CAI provides its video-based services in these markets to approximately 72,000 subscribers, and competes directly with the hard-wire and satellite providers in these markets. CAI has aggregated rights, either through ownership of licenses or through airtime capacity leases, to MMDS/MDS and ITFS channels in Boston, Massachusetts; Long Island, Buffalo and Syracuse, New York; Baltimore, Maryland; Providence, Rhode Island; Hartford, Connecticut and Pittsburgh, Pennsylvania.³ In the aggregate, CAI has the capability to serve over 13 million homes in all of its markets.

¹ By Public Notice released on March 13, 1997, the Commission invited interested parties to file responses to the Petition by March 21, 1997. See Report DA 97-548.

² CAI is a member of the WCA and is represented on WCA's Board of Directors.

³ The term "MMDS system," as commonly used and used in this letter, refers to a communications system that uses the airtime capacity on MDS, MMDS and ITFS frequencies.

CAI obtained, through the Commission's MMDS/MDS auction, rights to thirty-two Basic Trading Areas ("BTAs"), bidding over \$48,000,000 for the right to develop MMDS systems to serve the population in these BTAs.

CAI is seriously concerned that the upcoming auction and awarding of licenses for the Wireless Communications Service ("WCS") will lead to detrimental and irreparable injury to CAI's operating and planned MMDS systems. The Commission's Rules do not impose any power limitations on WCS to protect previously-authorized services, including MMDS and ITFS, that operate on nearby frequencies. CAI's engineers fear that WCS services operating in excess of an EIRP of 20 watts will cause harmful blanketing interference to its systems. In the absence of power limitations, CAI, in consultation with equipment manufacturers, will not be able to reliably develop prototypes for down converters, oscillators, and filters, and will not be able to design its network architecture.⁴

CAI fully supports the Commission's policy permitting flexible use of spectrum. CAI itself obtained the first grant in the industry of permanent authorizations permitting two-way, flexible services on MMDS spectrum. See BMDP970115KL, BMDP970115KM, BMDP97011KJ and BMPDP970115KI. However, CAI is subject to technical limitations designed to protect adjacent services, and strongly believes WCS should in fairness be subject to technical restrictions designed for the 2.3 GHz band. Limiting the power of WCS to 20 watts EIRP should protect existing service providers and permit potential WCS operators to develop a viable communications business.

In bidding on MMDS spectrum, and in generally acquiring spectrum rights, CAI justifiably relied on the Commission's long-standing policy of protecting existing licensees and applicants from later services. CAI relied on this policy when it acquired licenses and lease rights, when it launched video systems and installed subscriber locations, and when it spent millions of dollars in the auction. Although the Commission requires MMDS BTA holders to build systems capable of serving two-thirds of the population in the BTA, excluding encumbered areas, the Commission intends to sponsor WCS systems that may impair the ability of MMDS operators to timely fulfill their service requirements.

CAI is looking forward to the future and is spending many efforts and resources in designing systems that will ultimately offer consumers advanced, two-way voice, video and data services. The potential of detrimental interference from WCS may hamper these plans and the enthusiasm of the investment community for MMDS systems. CAI's systems represent a significant source of current and potential competition in the

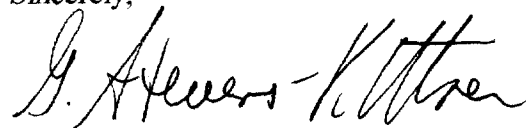
⁴ CAI refers the reader to the WCA's Petition for a detailed explanation of the detrimental effects of blanketing interference from WCS, and why it is impossible for the equipment manufacturers, from whom CAI purchases its equipment, to design down converters and other equipment that eliminate the interference in the absence of a power limit on WCS.

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communications marketplace and, in accordance with the pro-competitive policy of the Telecommunications Act of 1996, should be protected. CAI requests that the Commission modify its WCS Rules to establish a 20 watt EIRP power limitation for WCS licenses.

CAI would be happy to answer any questions the Commission may have on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Stevens-Kittner". The signature is fluid and cursive, with the first name "G." and the last name "Kittner" being more distinct than the middle name "Stevens".

Gerald Stevens-Kittner
Donna A. Balaguer

cc: Attached Distribution List

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